

<i>SERFF Tracking Number:</i>	<i>GRTC-125650311</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Great American Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>NP RT SWI 05-08</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1006 Directors &amp; Officers Liability</i>
<i>Product Name:</i>	<i>Non-Profit D &amp; O</i>		
<i>Project Name/Number:</i>	<i>Non-PRofit Rate Revision -2/NP RT SWI 05-08</i>		

## Filing at a Glance

Company: Great American Insurance Company

Product Name: Non-Profit D & O

SERFF Tr Num: GRTC-125650311 State: Arkansas

TOI: 17.1 Other Liability - Claims Made Only

SERFF Status: Closed

State Tr Num: EFT \$50

Sub-TOI: 17.1006 Directors & Officers Liability

Co Tr Num: NP RT SWI 05-08

State Status: Fees verified and received

Filing Type: Rate

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Author: Laura Flores

Disposition Date: 05/28/2008

Date Submitted: 05/16/2008

Disposition Status: Filed

Effective Date Requested (New): 06/19/2008

Effective Date (New):

Effective Date Requested (Renewal): 06/19/2008

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Non-PRofit Rate Revision -2

Project Number: NP RT SWI 05-08

Status of Filing in Domicile: Pending

Domicile Status Comments: We are awaiting approval from our domicile state of Ohio.

Reference Organization: n/a

Reference Number: n/a

Reference Title: n/a

Advisory Org. Circular: n/a

Filing Status Changed: 05/28/2008

State Status Changed: 05/28/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Great American Insurance Company respectfully submits the enclosed rate plan amendment for your review and approval on a general use basis. The purpose of this filing is to amend our recently approved rate plan used in conjunction with our Directors and Officers Non-Profit Policy. The only change is to section C.2 where we added factors for Sexual Misconduct, Workplace Violence, and Internet Liability.

There is no rate change to this filing.

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Company Tracking Number: NP RT SWI 05-08  
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Product Name: Non-Profit D & O  
Project Name/Number: Non-Profit Rate Revision -2/NP RT SWI 05-08

Thank you for your attention to this filing.

## Company and Contact

### Filing Contact Information

Laura Flores, Filer lflores@gaic.com  
1515 Woodfield Road (847) 330-6789 [Phone]  
SCHAUMBURG, IL 60173 (847) 330-6890[FAX]

### Filing Company Information

Great American Insurance Company CoCode: 16691 State of Domicile: Ohio  
1515 Woodfield Road, Suite 500 Group Code: Company Type: Property &  
Casualty  
Schaumburg, IL 60173 Group Name: Great American Ins State ID Number:  
Group  
(847) 330-6789 ext. [Phone] FEIN Number: 31-0501234  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Great American Insurance Company	\$50.00	05/16/2008	20368466

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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Filed	Edith Roberts	05/28/2008	05/28/2008

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## Disposition

Disposition Date: 05/28/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number:	GRTC-125650311	State:	Arkansas
Filing Company:	Great American Insurance Company	State Tracking Number:	EFT \$50
Company Tracking Number:	NP RT SWI 05-08		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1006 Directors & Officers Liability
Product Name:	Non-Profit D & O		
Project Name/Number:	Non-Profit Rate Revision -2/NP RT SWI 05-08		

Item Type	Item Name	Item Status	Public Access
Rate	Non-Profit Rate Plan	Filed	Yes

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## **Rate Information**

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>GRTC-125650311</i>	<i>State:</i>	<i>Arkansas</i>
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## Rate/Rule Schedule

<b>Review Status:</b>	<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action</b>	<b>Previous State Filing Attachments Number:</b>
Filed	Non-Profit Rate Plan	NP DPG (05-08)	Replacement	Plan for dpg0508.pdf

# **Non-Profit Rate Plan**



## NON-PROFIT RATE PLAN

### A. GENERAL DESCRIPTION OF COVERAGE

The Employment Practices and Executive Liability Protection will protect the Insureds for Loss arising from Wrongful Acts.

#### 1. Availability

This coverage will be available for most Non-Profit Organizations.

#### 2. Term Premiums

This Policy will be written on a one-year term. All premiums provided herein are prepaid on an annual basis.

### B. ANNUAL PREMIUM COMPUTATIONS

#### 1. Non-Profit Organizations/Associations

Premiums are calculated by using a combination of asset-based rates and salary expense-based rates. The assets and salary expenses used to calculate the rates are taken from the Organization's most recent financial statement or the Great American Proposal Form. The rates to be used for the asset-based side are determined by the function of the Organization. Rounding is done at the end of the process to the nearest whole dollar amount.

a. Hazard Group I risks only are calculated as follows (see list of Hazard Groups attached).

Assets	Rating Formula	Sample Rates
Under \$1 Million	550 (Base Rate)	\$550
1 to 5 Million	$550 + \$0.105/\$1000$ of assets over \$1MM	970
5 to 25 Million	$970 + \$0.0578/\$1000$ of assets over 5MM	2126
25 to 100 Million	$2,126 + \$0.0289/\$1000$ of assets over 25MM	4294
100 to 200 Million	$4,294 + \$0.013/\$1000$ of assets over 100MM	5594
200 to 500 Million	$5,594 + \$0.0052/\$1000$ of assets over 200MM	7154
.500 to 1 Billion	$7,154 + \$0.0021/\$1000$ of assets over 500MM	8204
1 to 5 Billion	$8,204 + \$0.0007/\$1000$ of assets over 1B	11,004
Over 5 Billion	$11,004 + \$0.0002/\$1000$ of assets over 5B	
Salary Expense	Rating Formula	Sample Rates
Under \$100 Thousand	$\$325/\$1000$ of salary expense	\$325
100 to 300 Thousand	$325 + \$1.90/\$1000$ of salary expense over 100K	705
300 to 1 Million	$705 + \$0.805/\$1000$ of salary expense over 300K	1,269
1 to 5 Million	$1,269 + \$0.4498/\$1000$ of salary expense over 1MM	3,068
5 to 20 Million	$3,068 + \$0.2749/\$1000$ of salary expense over 5MM	7,192
20 to 50 Million	$7,192 + \$0.1237/\$1000$ of salary expense over 20MM	10,903
50 to 150 Million	$10,903 + \$0.0495/\$1000$ of salary expense over 50MM	15,853
150 to 250 Million	$15,853 + \$0.0198/\$1000$ of salary expense over 150MM	17,833
Over 250 Million	$17,833 + \$0.0069/\$1000$ of salary expense over 250MM	

The results of the two calculations are to be added together to get a total rate.

b. Hazard Group 2 Rates

A factor of 2.3 is applied to the asset-based rates for all Hazard Group 2 Industry Codes except 255 and 270.

A factor of 1.5 is applied to the asset-based rates of all 255 Industry Codes (Educational Facilities/Not Colleges or Universities)

A factor of 2.0 is applied to the asset-based rates of all 270 Industry Codes (Hospitals/Clinics/Nursing Homes)

The salary-based rates are the same as Hazard Group 1.

2. Condominium and Homeowners Association

The premiums will be calculated based upon the number of Units the Association has. The number will be based upon the most recent information available to the Underwriter.

Units	Base Premium
0 – 50	\$695
51 – 100	\$695 + \$6/unit over 50
101 – 300	\$995 + \$4.25/unit over 100
301 – 600	\$1,845 + \$3.25/unit over 300
601 – 1000	\$2,820 + \$2.50/unit over 600
over 1000	\$3,820 + \$1/unit over 1000

C. RATE MODIFICATION

1. Objective Claim Rate Modifications – The premium charge is to be debited for each Claim in the last five years. These mandatory debits are to be charged as follows:

	Debit
Claim(s) filed in the past year	30% per Claim
1 to 2 years ago	25% per Claim
2 to 3 years ago	20% per Claim
3 to 4 years ago	15% per Claim
4 to 5 years ago	10% per Claim

A debit is to be charged for each claim filed. However, if the total Claim debit is in excess of 30%, the subject risk may not qualify for this duty to defend form. For example, a risk that would have filed a Claim 4 – 5 years ago and a claim 2 – 3 years ago would be debited 30% (20% + 10%), whereas a risk which had 2 Claims in the past year would not qualify for the duty to defend form because its Claim debit would be 60% (30% + 30%).

## 2. Special endorsements/coverages for additional charge:

For Profit Subsidiary Coverage	50%
Outside Directorship Coverage	25%
Property Manager Coverage	10%
Breach of Contract Coverage	10%
Fiduciary Coverage:	Shared Limit: 10% - 20%
	Separate Limit: 25% - 35%
Sexual Misconduct	10% - 25%
Workplace Violence	0% - 15%
Internet Liability	0% - 15%

## 3. Nature of Operations Charge:

100% load will be added to the premium for any Time Shares

4. Subjective Rate Modifications – The premium charge may be further debited or credited at the underwriter's discretion, based upon the particular facts and circumstances of any individual risk. The following depicts the areas of evaluation and the range of debits or credits to be applied. (See Guide to Rate Modifications for an explanation on how these subjective rate modifications are to be used). Applicable debits or credits are to be added together prior to applying the sum to the base. Rounding will be done at the end of the computation to the nearest whole dollar amount.

Subjective Rate Modifications	Maximums	
	Debits	Credits
1. Age of Organization more than 10 years	N/A	25%
2. Nature of Operations	25%	25%
3. Regulatory Criticisms	25%	N/A
4. Geographic Location	25%	25%
5. Merger/Acquisition/Divestiture Activity	25%	NA
6. Revenue Bonds	25%	N/A
7. Other Insurance	N/A	25%
8. Management Experience	25%	N/A
9. Financial Performance		
a. Stability	25%	40%
b. Fund Balance Adequacy	25%	40%
c. Debt Structure/Coverage	25%	40%
d. Revenue/Expenses	25%	40%
10. Major Building/Renovation	25%	N/A
11. National Affiliation	N/A	25%

## D. DISCOVERY PREMIUMS

Discovery Period, as defined in Section II of the Policy, provides an extended reporting period for the Insured to report any Claim first made against the Insured during the period of fifteen (15) months after the effective date of the cancellation or refusal to renew by Great American Insurance Companies or twelve (12) months after the effective date of the cancellation or non-renewal by the Organization. The first three (3) months are free of charge if Great American cancels or non-renews. The charge for this optional period is 40% of the annual premium.

Alternative charges may apply if the basic Policy is modified by endorsement.

## E. RETENTIONS

Minimum Retentions are determined based on asset size and nature of business as follows:

Assets	Hazard Group I	Hazard Group II
Up to \$1 Million	\$1,000	\$1,000
1 to 5 Million	2,500	2,500
5 to 25 Million	2,500	5,000
25 to 100 Million	5,000	15,000
100 to 200 Million	10,000	25,000
200 to 500 Million	25,000	35,000
500 Million to 1 Billion	35,000	50,000

Each risk will be assigned a Minimum Retention as listed above. If an optional quote is desired, which has a retention that differs from the minimum retention, the premium is to be credited or debited. Please note that the retentions listed above are minimum retentions and that the underwriter's discretion may determine that a higher retention may be required due to the characteristics of the risk. In these cases, no credit is to be applied for a higher retention.

The amount to credit/debit the premium when quoting an alternate retention will be determined by the following formula:

$$\text{Credit or debit} = [(\text{Optional Retention Factor} / \text{Minimum Retention Factor}) - 1]$$

A negative number denotes a credit and a positive number denotes a debit.

### Retention Factors

Retention	Factor
\$500	1.0785
1,000	1.0510
2,000	1.0125
2,500	1.0000
5,000	0.9500
10,000	0.8938
15,000	0.8780
25,000	0.8498
35,000	0.8288
50,000	0.8013
75,000	0.7713
100,000	0.754

NOTE: The factor for any desired retention not listed can be derived by interpolation.

## F. LIMITS OF LIABILITY

1. Limits other than the base \$1,000,000 will be calculated using a load factor applied to the base \$1,000,000 rate.

Limit	Load Factor
\$100,000	.50
250,000	.60
500,000	.85
1,000,000	1.00
2,000,000	1.50

3,000,000	1.95
4,000,000	2.30
5,000,000	2.50
6,000,000	2.7
7,000,000	2.9
8,000,000	3.1
9,000,000	3.3
10,000,000	3.5

2.

<u>EPL Limit</u>	<u>Non-EPL Limit</u>	<u>Total</u>	<u>Factor</u>
\$500,000	\$500,000	1,000,000	.9
1,000,000	1,000,000	2,000,000	1.15
1,000,000	2,000,000	3,000,000	1.29
1,000,000	3,000,000	4,000,000	1.39
2,000,000	1,000,000	3,000,000	1.64
2,000,000	2,000,000	4,000,000	1.75
2,000,000	3,000,000	5,000,000	1.8
2,000,000	4,000,000	6,000,000	1.86
2,000,000	5,000,000	7,000,000	1.91
3,000,000	1,000,000	4,000,000	2.09
3,000,000	2,000,000	5,000,000	2.12
3,000,000	3,000,000	6,000,000	2.18
3,000,000	4,000,000	7,000,000	2.22
3,000,000	5,000,000	8,000,000	2.27
4,000,000	1,000,000	5,000,000	2.36
4,000,000	2,000,000	6,000,000	2.42
4,000,000	3,000,000	7,000,000	2.47
4,000,000	4,000,000	8,000,000	2.51
4,000,000	5,000,000	9,000,000	2.56
5,000,000	2,000,000	7,000,000	2.61
5,000,000	3,000,000	8,000,000	2.64
5,000,000	4,000,000	9,000,000	2.7
5,000,000	5,000,000	10,000,000	2.74

#### G. OPTIONAL: MULTI-YEAR POLICY TERM

Apply the multi-year policy term factor to the Annual Premium determined above.

	<u>Factor</u>
2 Year Pre Paid	1.90-2.10
2 Year Pre Paid – Renewable Aggregate	2.00-2.25
2 Year Installment – Renewable Aggregate	2.00-2.50

## **GUIDE TO RATE MODIFICATIONS**

1. Age of Organization – The underwriter may give credit if the risk has had no claims and is older than 10 years.

The reasoning behind these modifications is the older a risk is, the greater value the underwriter can place on the warranty provided by the signor.

2. Nature of Operations – Risks within our hazard class groupings have similar risk characteristics, but risks with different codes within the same group can have varying degrees of risk. For instance, a water supply company would have less risk than an art museum because the museum would tend to have more employees than a water supply company. As employees are a significant source of claims for this type of coverage, an underwriter would want to credit a water supply company, all else being equal.
3. Regulatory Criticisms – If a risk did have criticisms from a regulatory agency, and the underwriter did not decide to exclude such exposure, additional debits would be required.
4. Geographic location – Urban areas have been proven to be more litigious than rural areas. Hence, the underwriter may debit or credit based on the risk's location.
5. Merger/Acquisition/Divestiture activity – Although there are no disgruntled shareholders to report to and it is not as common an occurrence as in the for profit world, such transactions can result in involuntary layoffs by the resulting entity, which increases our employment practices liability (EPL) exposure. An underwriter may debit the account if any of these transactions have transpired in the last five years.
6. Bonds – Since most non-profit risks have no security holder exposure, this is reflected in the filed rates. If a risk issues debt through revenue bonds or borrows money from an authority that issues bonds, there is now a larger exposure for which the underwriter can debit.
7. Other Insurance – As our policy has an Other Insurance Exclusion which declares our policy excess of any other insurance which may provide coverage, the underwriter may credit the account if there is other coverage in place (e.g. general liability). As we often are not familiar with the other policy's coverage terms, this credit is rarely used.
8. Management Experience/Changes – Although we do not review resumes of the risk's management, if a recent management change was noted, the underwriter may debit the account in order to reflect the increased EPL exposure.
9. Financial Performance – Again, although there is usually no security holder exposure, financial difficulties often result in layoffs which may trigger EPL suits in addition to suits brought by creditors. The following financial guidelines should be reviewed as a whole to determine if additional debits or credits would be required.
  - a. Stability – If over two years of financial experience is available, a comparison should be made among the years' revenues, expenses, current ratios, debt, etc. Wide fluctuations should be debited, stability should be credited.
  - b. Fund Balance Adequacy – Minimum fund balance to assets should be 25%. Exceptions can be made as some risks, such as low income housing, may have a considerably lower ratio (possibly even a negative fund balance), which may be explained by a significant amount of accumulated depreciation.
  - c. Debt Structure – A fund balance that exceeds the amount of long term liability is preferred but more importantly the Interest Coverage Ratio (net income before depreciation and amortization and interest expense to interest expense) should exceed 1.0.

- d. Revenue/Expenses – If the Interest Coverage Ratio does not exceed one, hopefully the loss is due to discretionary outflow. For instance, some foundations will make large grants, creating a loss, but the risk has no liabilities. Then a loss would not be a concern. Nondiscretionary losses may result in layoffs in the future, which would then justify a debit.
10. Major Building/Renovation – If a risk is planning or in the process of a major building or renovation project there is an increased exposure of a claim by a member who may contest the need, nature or cost of the project.
11. National Affiliation – If a risk is affiliated with a national organization it may have risk management resources available that an independent risk will not have.

## **NON-PROFIT INDUSTRY CODES AND HAZARD GROUPS**

### **INDUSTRY CODE**

210 CONDO/HOMEOWNERS ASSOCIATIONS

### **GROUP I**

214 WATER SUPPLY COMPANIES  
 215 CHAMBER OF COMMERCE/BUSINESS LEAGUES  
 220 CLUBS AND FRATERNITIES  
 221 CEMETERIES  
 230 GRANT MAKING FOUNDATIONS/TRUSTS  
 235 VETERANS GROUPS  
 238 COMMUNICATIONS/PUBLIC BROADCASTING  
 244 ANIMAL RELATED ORGANIZATIONS  
 247 ART, CULTURE, AND HUMANITIES  
 249 FOOD, NUTRITION

### **GROUP II**

225 TRADE ASSOCIATIONS  
 240 HUMAN SERVICE/PUBLIC EDUCATION  
 241 PUBLIC SAFETY, RELIEF AND EMERGENCY  
 242 RECREATION/LEISURE/SPORTING  
 243 CIVIL RIGHTS/SOCIAL ACTION  
 245 RELIGIOUS ORGANIZATIONS  
 246 JOB TRAINING AND PLACEMENT ORGANIZATIONS  
 248 ENVIRONMENTAL ISSUES  
 250 CAMPS/DAYCARE FACILITIES  
 251 REHABILITATION/COUNSELING FACILITIES  
 252 GROUP LEGAL/MEDICAL FACILITIES  
 253 SCIENTIFIC TECHNOLOGY/R&D  
 254 TESTING FACILITIES  
 255 EDUCATIONAL FACILITIES (NOT COLLEGES OR UNIVERSITIES)  
 256 TEMPORARY HOUSING/SHELTERS  
 257 COMMUNITY REDEVELOPMENT/LOW-INCOME HOUSING  
 258 RETIREMENT/MENTALLY HANDICAPPED COMMUNITIES  
 259 CERTIFICATION BOARDS  
 265 COLLEGES AND UNIVERSITIES

266	COLLEGES AND UNIVERSITIES/with MEDICAL FACILITIES
270	HOSPITALS/CLINICS/NURSING HOMES